GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4024
ANSWERED ON:03.12.2010
INFLATION IN THE MANUFACTURING SECTOR
Dubey Shri Nishikant

Will the Minister of FINANCE be pleased to state:

(a)whether the inflation has spread during the last few months;

(b)if so, the details and the reaction of the Government thereto;

(c)whether the rise in prices of cement, steel and truck freight charges in the beginning of March, 2010 are indicative of the rise of inflation in the manufacturing sector; and

(d)if so, the reaction of the Government thereto?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

(a) to (d) Since March, 2010, the details of headline WPI inflation along with cement, steel and diesel are given in Table below:

Table: Year-on-year inflation in select WPI items (%)

Commodities	All Commodities	Manufactured products	Cement & Lime	Ferrous Metals	High Speed Diesel
Weight(%) in WPI	100.00	64.97	1.39	8.06	4.67
Mar-10	10.23	5.19	2.30	0.48	15.04
Apr-10	11.00	6.43	2.36	9.23	15.83
May-10	10.60	5.99	3.05	8.56	15.83
Jun-10	10.28	5.65	0.54	8.60	17.26
Jul-10	10.02	5.73	2.54	7.75	14.64
Aug-10	8.82	5.11	1.27	7.55	14.64
Sep-10 (P)	8.62	4.59	1.74	6.17	14.64
Oct-10 (P)	8.58	4.75	1.13	6.56	14.64

P: Provisional

RBI has taken suitable measures to moderate demand levels consistent with capacity of the economy to maintain its growth without provoking price rise. Accordingly, the Repo rate and Reverse Repo rate increased to 6 per cent and 5 per cent respectively on September 16, 2010 from a level of 5.75 per cent and 4.50 per cent respectively. Further during their Second Quarter Policy Review on November 2, 2010 RBI raised the Repo rate and Reverse Repo rate to 6.25 per cent and 5.25 per cent respectively.